

**CERTIFIED TAX RATE CALCULATION AMENDMENTS**

2020 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill defines and modifies terms for purposes of calculating a taxing entity's certified tax rate.

**Highlighted Provisions:**

This bill:

- ▶ modifies the definition of incremental value to include project areas created under Title 11, Chapter 58, Utah Inland Port Authority Act; Title 63H, Chapter 1, Military Installation Development Authority Act; and Title 63N, Chapter 2, Part 5, New Convention Facility Development Incentives; and
- ▶ defines related terms.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

**59-2-924**, as last amended by Laws of Utah 2018, Chapters 101, 368, and 415

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-2-924** is amended to read:

**59-2-924. Definitions -- Report of valuation of property to county auditor and commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the commission.**

(1) As used in this section:

(a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with this chapter.

- 33 (ii) "Ad valorem property tax revenue" does not include:  
34 (A) interest;  
35 (B) penalties;  
36 (C) collections from redemptions; or  
37 (D) revenue received by a taxing entity from personal property that is semiconductor  
38 manufacturing equipment assessed by a county assessor in accordance with Part 3, County  
39 Assessment.
- 40 (b) "Adjusted tax increment" means the same as that term is defined in Section  
41 17C-1-102.
- 42 ~~[(b)]~~ (c) (i) "Aggregate taxable value of all property taxed" means:  
43 (A) the aggregate taxable value of all real property a county assessor assesses in  
44 accordance with Part 3, County Assessment, for the current year;  
45 (B) the aggregate taxable value of all real and personal property the commission  
46 assesses in accordance with Part 2, Assessment of Property, for the current year; and  
47 (C) the aggregate year end taxable value of all personal property a county assessor  
48 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls  
49 of the taxing entity.
- 50 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year  
51 end taxable value of personal property that is:  
52 (A) semiconductor manufacturing equipment assessed by a county assessor in  
53 accordance with Part 3, County Assessment; and  
54 (B) contained on the prior year's tax rolls of the taxing entity.
- 55 (d) "Base taxable value" means:  
56 (i) for an authority created under Section 11-58-201, the same as that term is defined in  
57 Section 11-58-102;  
58 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined  
59 in Section 17C-1-102;  
60 (iii) for an authority created under Section 63H-1-201, the same as that term is defined  
61 in Section 63H-1-102; or  
62 (iv) for a host local government, the same as that term is defined in Section 63N-2-502.
- 63 ~~[(e)]~~ (e) "Centrally assessed benchmark value" means an amount equal to the highest

year end taxable value of real and personal property the commission assesses in accordance with Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1, 2015, adjusted for taxable value attributable to:

(i) an annexation to a taxing entity; or

(ii) an incorrect allocation of taxable value of real or personal property the commission assesses in accordance with Part 2, Assessment of Property.

~~[(d)]~~ (f) (i) "Centrally assessed new growth" means the greater of:

(A) zero; or

(B) the amount calculated by subtracting the centrally assessed benchmark value adjusted for prior year end incremental value from the taxable value of real and personal property the commission assesses in accordance with Part 2, Assessment of Property, for the current year, adjusted for current year incremental value.

(ii) "Centrally assessed new growth" does not include a change in value as a result of a change in the method of apportioning the value prescribed by the Legislature, a court, or the commission in an administrative rule or administrative order.

~~[(e)]~~ (g) "Certified tax rate" means a tax rate that will provide the same ad valorem property tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

~~[(f)]~~ (h) "Eligible new growth" means the greater of:

(i) zero; or

(ii) the sum of:

(A) locally assessed new growth;

(B) centrally assessed new growth; and

(C) project area new growth or hotel property new growth.

(i) "Host local government" means the same as that term is defined in Section 63N-2-502.

(j) "Hotel property" means the same as that term is defined in Section 63N-2-502.

(k) "Hotel property new growth" means an amount equal to the incremental property tax revenue that is no longer provided to a host local government as incremental property tax revenue.

(l) "Incremental property tax revenue" means the same as that term is defined in Section 63N-2-502.

~~[(g)]~~ (m) "Incremental value" means ~~[the same as that term is defined in Section 17C-1-102.];~~

(i) for an authority created under Section 11-58-201, the amount calculated by multiplying:

(A) the difference between the taxable value and the base taxable value of the property that is located within a project area and on which property tax differential is collected; and

(B) the number that represents the percentage of the property tax differential that is paid to the authority;

(ii) for an agency created under Section 17C-1-201.5, the amount calculated by multiplying:

(A) the difference between the taxable value and the base taxable value of the property located within a project area and on which tax increment is collected; and

(B) the number that represents the adjusted tax increment from that project area that is paid to the agency;

(iii) for an authority created under Section 63H-1-201, the amount calculated by multiplying:

(A) the difference between the taxable value and the base taxable value of the property located within a project area and on which property tax allocation is collected; and

(B) the number that represents the percentage of the property tax allocation from that project area that is paid to the authority; or

(iv) for a host local government, an amount calculated by multiplying:

(A) the difference between the taxable value and the base taxable value of the hotel property on which incremental property tax revenue is collected; and

(B) the number that represents the percentage of the incremental property tax revenue from that hotel property that is paid to the local host government.

~~[(h)]~~ (n) (i) "Locally assessed new growth" means the greater of:

(A) zero; or

(B) the amount calculated by subtracting the year end taxable value of real property the county assessor assesses in accordance with Part 3, County Assessment, for the previous year, adjusted for prior year end incremental value from the taxable value of real property the county assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted

126 for current year incremental value.

127 (ii) "Locally assessed new growth" does not include a change in:

128 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or  
129 another adjustment;

130 (B) assessed value based on whether a property is allowed a residential exemption for a  
131 primary residence under Section 59-2-103;

132 (C) assessed value based on whether a property is assessed under Part 5, Farmland  
133 Assessment Act; or

134 (D) assessed value based on whether a property is assessed under Part 17, Urban  
135 Farming Assessment Act.

136 ~~[(+)]~~ (o) "Project area" means ~~[the same as that term is defined in Section 17C-1-102.];~~

137 (i) for an authority created under Section 11-58-201, the same as that term is defined in  
138 Section 11-58-102;

139 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined  
140 in Section 17C-1-102; or

141 (iii) for an authority created under Section 63H-1-201, the same as that term is defined  
142 in Section 63H-1-102.

143 ~~[(+)]~~ (p) "Project area new growth" means ~~[an amount equal to the incremental value~~  
144 ~~that is no longer provided to an agency as tax increment.];~~

145 (i) for an authority created under Section 11-58-201, an amount equal to the property  
146 tax differential that is no longer provided to an authority as property tax differential;

147 (ii) for an agency created under Section 17C-1-201.5, an amount equal to the  
148 incremental value that is no longer provided to an agency as tax increment; or

149 (iii) for an authority created under Section 63H-1-201, an amount equal to the property  
150 tax allocation that is no longer provided to an authority as property tax allocation.

151 (q) "Property tax allocation" means the same as that term is defined in Section  
152 63H-1-102.

153 (r) "Property tax differential" means the same as that term is defined in Section  
154 11-58-102.

155 (s) "Tax increment" means the same as that term is defined in Section 17C-1-102.

156 (2) Before June 1 of each year, the county assessor of each county shall deliver to the

157 county auditor and the commission the following statements:

158 (a) a statement containing the aggregate valuation of all taxable real property a county  
159 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

160 (b) a statement containing the taxable value of all personal property a county assessor  
161 assesses in accordance with Part 3, County Assessment, from the prior year end values.

162 (3) The county auditor shall, on or before June 8, transmit to the governing body of  
163 each taxing entity:

164 (a) the statements described in Subsections (2)(a) and (b);

165 (b) an estimate of the revenue from personal property;

166 (c) the certified tax rate; and

167 (d) all forms necessary to submit a tax levy request.

168 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be  
169 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the  
170 prior year by the amount calculated under Subsection (4)(b).

171 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall  
172 calculate an amount as follows:

173 (i) calculate for the taxing entity the difference between:

174 (A) the aggregate taxable value of all property taxed; and

175 (B) any adjustments for current year incremental value;

176 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount  
177 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the  
178 average of the percentage net change in the value of taxable property for the equalization  
179 period for the three calendar years immediately preceding the current calendar year;

180 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product  
181 of:

182 (A) the amount calculated under Subsection (4)(b)(ii); and

183 (B) the percentage of property taxes collected for the five calendar years immediately  
184 preceding the current calendar year; and

185 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount  
186 determined by:

187 (A) multiplying the percentage of property taxes collected for the five calendar years

immediately preceding the current calendar year by eligible new growth; and

(B) subtracting the amount calculated under Subsection (4)(b)(iv)(A) from the amount calculated under Subsection (4)(b)(iii).

(5) A certified tax rate for a taxing entity described in this Subsection (5) shall be calculated as follows:

(a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax rate is zero;

(b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

(i) in a county of the first, second, or third class, the levy imposed for municipal-type services under Sections 17-34-1 and 17-36-9; and

(ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county purposes and such other levies imposed solely for the municipal-type services identified in Section 17-34-1 and Subsection 17-36-3(22); and

(c) for debt service voted on by the public, the certified tax rate is the actual levy imposed by that section, except that a certified tax rate for the following levies shall be calculated in accordance with Section 59-2-913 and this section:

(i) a school levy provided for under Section 53F-8-301, 53F-8-302, or 53F-8-303; and

(ii) a levy to pay for the costs of state legislative mandates or judicial or administrative orders under Section 59-2-1602.

(6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more eligible judgments.

(b) The ad valorem property tax revenue generated by a judgment levy described in Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax rate.

(7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

(i) the taxable value of real property:

(A) the county assessor assesses in accordance with Part 3, County Assessment; and

(B) contained on the assessment roll;

(ii) the year end taxable value of personal property:

(A) a county assessor assesses in accordance with Part 3, County Assessment; and

219 (B) contained on the prior year's assessment roll; and  
220 (iii) the taxable value of real and personal property the commission assesses in  
221 accordance with Part 2, Assessment of Property.

222 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new  
223 growth.

224 (8) (a) On or before June 30, a taxing entity shall annually adopt a tentative budget.

225 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall  
226 notify the county auditor of:

227 (i) the taxing entity's intent to exceed the certified tax rate; and  
228 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

229 (c) The county auditor shall notify property owners of any intent to levy a tax rate that  
230 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.

231 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through  
232 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim  
233 Committee if:

234 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end  
235 taxable value of the real and personal property the commission assesses in accordance with  
236 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental  
237 value; and

238 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end  
239 taxable value of the real and personal property of a taxpayer the commission assesses in  
240 accordance with Part 2, Assessment of Property, for the previous year.

241 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by  
242 subtracting the taxable value of real and personal property the commission assesses in  
243 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year  
244 incremental value, from the year end taxable value of the real and personal property the  
245 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,  
246 adjusted for prior year end incremental value.

247 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by  
248 subtracting the total taxable value of real and personal property of a taxpayer the commission  
249 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total



250 year end taxable value of the real and personal property of a taxpayer the commission assesses  
251 in accordance with Part 2, Assessment of Property, for the previous year.

252 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet  
253 the requirement under Subsection (9)(a)(ii).

254 Section 2. **Retrospective operation.**

255 This bill has retrospective operation to January 1, 2020.